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Viewing cable 10QUITO101, Ecuador's Push for Conditions-Free Foreign Assistance has

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Understanding cables

Every cable message consists of three parts:

- The top box shows each cables unique reference number, when and by whom it originally was sent, and what its initial classification was.
- The middle box contains the header information that is associated with the cable. It includes information about the receiver(s) as well as a general subject.
- The bottom box presents the body of the cable. The opening can contain a more specific subject, references to other cables ([browse by origin](#) to find them) or additional comment. This is followed by the main contents of the cable: a summary, a collection of specific topics and a comment section.

To understand the justification used for the classification of each cable, please use this [WikiSource](#) article as reference.

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If you find meaningful or important information in a cable, please link directly to its unique reference number. Linking to a specific paragraph in the body of a cable is also possible by copying the appropriate link (to be found at the paragraph symbol). Please mark messages for social networking services like Twitter with the hash tags **#cablegate** and a hash containing the reference ID e.g. **#10QUITO101**.

Reference ID	Created	Released	Classification	Origin
10QUITO101	2010-02-24 20:56	2011-08-30 01:44	CONFIDENTIAL//NOFORN	Embassy Quito

Appears in these articles:

<http://www.eluniverso.com/2011/04/10/1/1355/cable-250564.html>

VZCZCXYZ0013
OO RUEHWEB

DE RUEHQT #0101/01 0552059
ZNY CCCCC ZZH
O 242056Z FEB 10
FM AMEMBASSY QUITO
TO RUEHC/SECSTATE WASHDC IMMEDIATE 1094
INFO RHEFHLC/DEPT OF HOMELAND SECURITY WASHINGTON DC IMMEDIATE
RHEHNSC/WHITE HOUSE NATIONAL SECURITY COUNCIL WASHINGTON DC IMMEDIATE
RHMFISS/DEPT OF JUSTICE WASHINGTON DC IMMEDIATE
RUCPDO/DEPT OF COMMERCE WASHINGTON DC IMMEDIATE
RUEABND/DEA HQS WASHINGTON DC IMMEDIATE
RUEAIIA/CIA WASHINGTON DC IMMEDIATE
RUEATRS/DEPT OF TREASURY WASHINGTON DC IMMEDIATE
RUEHBO/AMEMBASSY BOGOTA IMMEDIATE
RUEHBR/AMEMBASSY BRASILIA IMMEDIATE
RUEHCV/AMEMBASSY CARACAS IMMEDIATE
RUEHGL/AMCONSUL GUAYAQUIL IMMEDIATE
RUEHLP/AMEMBASSY LA PAZ FEB LIMA IMMEDIATE
RUEHQT/AMEMBASSY QUITO

C O N F I D E N T I A L QUITO 000101

SIPDIS
NOFORN

E.O. 12958: DECL: 2020/02/24

TAGS: [EAID](#) [ECON](#) [EFIN](#) [PREL](#) [SNAR](#) [MARR](#) [EC](#)

SUBJECT: Ecuador's Push for Conditions-Free Foreign Assistance has Major Implications for USG Operations

REF: R...

id: 250564

date: 2/24/2010 20:56

refid: 10QUITO101

origin: Embassy Quito

classification: CONFIDENTIAL//NOFORN

destination: 09QUITO885|10QUITO79|10QUITO83|10QUITO91

header:

VZCZCXYZ0013

OO RUEHWEB

DE RUEHQT #0101/01 0552059

ZNY CCCCC ZZH

O 242056Z FEB 10

FM AMEMBASSY QUITO

TO RUEHC/SECSTATE WASHDC IMMEDIATE 1094

INFO RHEFHLC/DEPT OF HOMELAND SECURITY WASHINGTON DC IMMEDIATE

RHEHNSC/WHITE HOUSE NATIONAL SECURITY COUNCIL WASHINGTON DC IMMEDIATE

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RUEABND/DEA HQS WASHINGTON DC IMMEDIATE

RUEAIIA/CIA WASHINGTON DC IMMEDIATE

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RUEHBO/AMEMBASSY BOGOTA IMMEDIATE

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RUEHCV/AMEMBASSY CARACAS IMMEDIATE

RUEHGL/AMCONSUL GUAYAQUIL IMMEDIATE

RUEHLP/AMEMBASSY LA PAZ FEB LIMA IMMEDIATE

RUEHQT/AMEMBASSY QUITO

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C O N F I D E N T I A L QUITO 000101

SIPDIS

NOFORN

E.O. 12958: DECL: 2020/02/24

TAGS: [EAID](#) [ECON](#) [EFIN](#) [PREL](#) [SNAR](#) [MARR](#) [EC](#)

SUBJECT: Ecuador's Push for Conditions-Free Foreign Assistance has Major Implications for USG Operations

REF: REF A) QUITO 83; REF B) QUITO 91; REF C) 09 QUITO 885

REF D) QUITO 79

CLASSIFIED BY: Christopher A. Landberg, Economic Counselor, U.S. Department of State, Economic Section; REASON: 1.4(B), (D)

Summary

1. (C) Events over the last year demonstrate that the Correa government is intent on exerting as much control as possible over assistance flows and projects in Ecuador, although so far not to the extent of losing assistance Ecuador needs. The GoE's hyper-nationalistic philosophy has economic nationalism, state control of strategic economic and national security assets, protecting Ecuador's "sovereignty," and opposing traditional Ecuadorian and international power structures as major tenets. Correa's rejection of foreign control over aspects of the Yasuni ITT initiative and continuing demands for greater control over foreign development assistance are examples of how this philosophy affects relations with the international community. Our constant difficulties in implementing USG law enforcement and military programs - exemplified by recent indications that the GoE is reconsidering aspects of our bilateral law enforcement agreements (ref A) - are further evidence of the GoE's particularly complex

relationship with the U.S., which Correa sees as the epitome of the international order that he rejects. The expulsions of two USG officials in February 2009 can themselves be seen as a GoE attempt to reject conditional assistance, although the signing of our law enforcement agreements in August is also an example of co-existent pragmatism. The GoE's obsession with sovereignty and conflicted relations with donors have continuing implications for our operations in this country. End Summary.

Sovereignty: GoE Code for Collaborating on Its Terms

¶2. (C) A broad GoE theme, not directed at the U.S. per se, is the GoE's desire for ownership of the development/poverty reduction agenda. The GoE insists on donors fulfilling to the maximum extent the GoE's interpretation of the Paris Declaration (PD) and Accra Agenda for Action (AAA), which enshrine the concept of host government leadership and ownership of development efforts. (The 2005 PD and follow-up 2008 AAA are international agreements under which over 100 countries committed to improving coordination among donors and giving recipient countries more ownership of poverty reduction strategies and programs.) As the U.S., EU, and other major donors have signed these agreements, the GoE expects us not only to collaborate more with GoE institutions in the implementation of assistance programs, but also to give the country direct control of the funds with few or no conditions. However, donors have serious questions regarding Ecuador's limited capacity to manage such resources and programs, and are also concerned about the high-level of corruption in Ecuador (the country ranks poorly - 146 out of 180 and fourth lowest in Latin America -- on Transparency International's 2009 Corruption Perceptions Index).

¶3. (C) A second theme, which impacts the U.S. directly, is that the GoE sees the U.S. as the representative of the existing world power structure that Ecuador wants to see changed. Correa's political-economic philosophy is charged with grandiose ideas, wrapped up in his "citizens' revolution" rhetoric and occasional references to "21st Century Socialism," and enshrined in Ecuador's 2008 Constitution. These ideas include asserting Ecuador's sovereignty, rejecting foreign interference, and ensuring state control of strategic economic assets and the national security apparatus. Although not to the degree as in Venezuela, the U.S. serves as Correa's foil, and his government's ideas and policies contain more than a tinge of anti-Americanism.

¶4. (C) Without question there are GoE officials who do not want a close relationship with the U.S. and are actively working to undermine relations. There are also many GoE officials who value the relationship and want to preserve and improve upon it. Correa himself, given his background, is likely conflicted. The balance of power shifts daily between these two groups, and our bilateral relationship is caught up in this power struggle. There are some concerns that with the appointment of Ricardo Patino as Foreign Minister, the forces that wish to limit U.S. influence are ascendant. Another take on Patino would be that his overriding objective is to ensure the longevity of the Correa government through whatever means necessary, which would not necessarily rule out a constructive relationship with the USG.

Correa and Yasuni ITT: His Way or the Highway

¶5. (C) President Correa's rejection in January of the proposed UNDP trust agreement established to manage contributions to the Yasuni ITT conservation initiative - on practically the eve of signing - is an example of his impulse to reject foreign control and preserve Ecuador's sovereign right to manage its affairs. Although the

trust fund document contained few "guarantees" protecting contributors' donations, Correa demanded absolute control over the funds, with no strings attached, and even told potential contributors that they could "stick their money in their ear." Reported in more detail in ref B, Correa's outburst led to the resignations of the Yasuni ITT negotiators and former Foreign Minister Falconi and unleashed a storm of local protest. While questions remain as to how much Correa really supports the initiative, he bowed to public pressure, reconstituted the negotiating team, and has pledged support for the initiative without foreign conditions. Nevertheless, the episode is indicative of Correa's core philosophy that Ecuador must have more than an equal footing with foreign donors.

Paris Declaration and Exerting Control of Development Assistance

16. (C) USAID signed its 2010 bilateral assistance agreement with the MFA on December 30, after roughly six months of at times difficult negotiations. Upon signing the agreement, then-Foreign Minister Falconi declined to participate in a public ceremony to publicize the accomplishment, and his office even scotched the idea of an MFA press release on the subject. The main area of difference during the lengthy negotiations was GoE agencies' demands for greater control over assistance funds and programs. These demands were directed against the entire donor community (both bilateral and multilateral), and the GoE justified the demands as called for under the Paris Declaration and Accra Agenda for Action.

17. (C) Complicating this situation is that the GoE has expressed concerns about directing assistance via NGOs, a common practice of USAID and other donors, and has proposed that donors follow a new model for the approval and implementation of assistance projects. Under this plan, donors would be asked to deposit funds in a Central Bank "unified account," from which the GoE counterpart agencies would finance projects (with the GoE Finance Ministry approving withdrawals). This assistance model, which is not yet in force, has similarities to budget support, a modality USAID seldom

uses because of the control and accountability challenges it presents.

18. (C) With regards to the 2010 agreement, USAID compromised for this year with commitments of greater inclusion in reviewing workplans, and a potential pilot-project where USAID may use GoE systems to contract implementation of an infrastructure activity along the northern border. This initiative would be subject to a successful assessment of the GoE development assistance coordination agency's capacity to manage and account for resources. (As elsewhere, the EU and multilateral organizations engage more in direct budget support, making them more amenable to acceding to GoE demands.)

19. (C) The more complicated question is what happens with the 2011 and subsequent bilateral USAID agreements. While the U.S. has signed onto the concept of country leadership, we have done so to the extent that we are still able to meet our national requirements (assuring our taxpayers and Congress that we are responsibly managing U.S. resources). The question is whether the GoE has the capacity to manage these resources and programs and also has reliable country systems of control and accountability. While GoE systems do not currently appear to meet PD/AAA control requirements, the European Union is conducting a review of country systems at present. But this is beside the point from the GoE's perspective, because the real story is Correa's political-economic philosophy of national primacy, and the PD appears to be the tool his government is using with aid agencies to make it a reality.

U.S. Military Aid: Pawn in GoE Game to Control Ecuador's Military?

¶10. (C) Embassy military officials have not seen the same attempts by their Ecuadorian uniformed counterparts to assert full control over IMET, FMF, and other programs, very possibly because they already have a large say in how the funds are spent. However, the civilian Minister of Defense has periodically sought to exert greater control over training decisions and exercises. The Embassy Military Group's difficulties over the last months in obtaining GoE approval of the annual diplomatic note that provides status of forces protections for U.S. temporary-duty personnel, appears related to the GoE's interest in asserting sovereignty concerns (ref C). During a February 11 meeting (ref D), MFA officials informed the DCM and a MilGroup officer that the GoE could not accept the reference to "military exercises" in the agreement.

¶11. (C) Note: A potentially larger and separate issue is the GoE's apparent unwillingness to agree to the protections of U.S. service personnel included in the agreement, although it is unclear at this point whether the GoE is referring to "immunities" or lesser "administrative and technical status." The assessment of the MFA's legal office was that immunity violates the 2008 constitution, which provides full immunity only to full-fledged diplomats. Given that assessment, no one at the MFA is willing to advocate that the Foreign Minister sign such a dipnote. The MFA pointed out that the GoE did not grant immunities to recent Cuban and Venezuelan military contingents. Defense Minister Javier Ponce, however, has listened to the Ecuadorian military and is reportedly anxious to conclude the exchange of diplomatic notes. We remain hopeful that there will be a way to accommodate the constitutional language while still providing necessary protections to U.S. military personnel. End Note.

Vetted Units: Holding Strong Works, Although GoE Reconsiders Polygraphs

¶12. (C) An argument can be made that the February 2009 expulsions by the GoE of two U.S. officials (one declared "persona non grata") fit the GoE's philosophy of refusing conditions on foreign assistance. Correa and GoE officials were prompted into objecting to our polygraphing members of vetted units and were likely opposed to a set-up that ensured significant USG control over the actions of Ecuadorian law enforcement personnel and teams. During subsequent negotiations of agreements with DHS and DEA, GoE officials regularly pushed NAS to give them counter-narcotics funds with few controls. However, the final result may also be an example of how the USG retains significant leverage, and how the GoE can act pragmatically. By the U.S. refusing to disburse funds until the agreements were signed, GoE officials faced the prospect of losing access to needed equipment and training. In the end they almost completely capitulated, signing in August agreements that were very similar to the verbal/informal agreements that Correa had rejected in February.

¶13. (C) Nevertheless, Ecuadorian touchiness on "sovereignty" resurfaced recently with the disturbing indications that the GoE was reconsidering aspects of our bilateral law enforcement agreements (reported ref A). While our GoE counterparts have regularly emphasized the importance of bilateral counternarcotics cooperation, this latest potential conflict, coming almost exactly on the one-year anniversary of the February 2009 expulsions, once again brings into question the sustainability of the current agreements and our ability to maintain a long-term, mature partnership with Ecuadorian law enforcement institutions.

¶14. (C) The expressed attitudes of GoE officials are coherent. This is their country, and they do not want other governments deciding what is best for it. The U.S. has become a part of this discussion in signing both the Paris Declaration and the Accra Agenda, i.e., recipients of foreign assistance should have a say in how funds are spent in their countries and what programs take priority. Current U.S. assistance programs in Ecuador, both security and development-related, have been successful and have enjoyed strong support from within the GoE and with civil society. Many GoE officials are willing and eager to work with us to address joint economic development, poverty reduction, law enforcement, and military priorities, and privately they are extremely grateful for our assistance. However, it is not clear to what extent these supporters sway Correa and overall GoE policies. While the evolution of international development is pushing us to cede greater control over at least development/poverty reduction assistance, the reality is that Ecuador is not a reliable and credible partner. Correa and his government's obsession with ensuring sovereign control, their insular attitudes towards dealing with international donors and institutions, and their bi-polar relationship with the U.S., will continue to complicate our operations in this country.
HODGES

=====CABLE ENDS=====